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COVER NOTE

From: General Secretariat of the Council
To: Delegations
Subject: Investing in Youth Employment: Implementation of the Youth Guarantee

Delegations will find attached the UK country fiche.

United Kingdom

1. Conclusions - 2017 multilateral surveillance review of the implementation of the YG¹

The strong labour market performance in the UK was noted, as well as the decreasing youth unemployment and NEET rates. UK does not implement the Youth Guarantee, as suggested by the Recommendation, but instead pursues measures similar in scope and type to those recommended. There is a clear political commitment to tackle youth unemployment and dedicated policy measures and resources in place. There is a clear focus on policies related to skills (including apprenticeships). Outreach is strong, but some concerns were voiced about reaching inactive NEETs.

2. YG monitoring 2016: key data

Highlights

- ❖ The UK has not established a YG scheme in accordance with the Council Recommendation, considering that existing provision was best suited to national and local circumstances.
- ❖ Consequently, there are no specific YG monitoring data; figures provided refer to flows of young people aged 18-24 on and off Jobseekers Allowance (unemployment benefits), a scheme that is currently in the process of being replaced (with universal credit). Data miss support provided to NEETs aged 16-17, claimants of unemployment related elements of the new universal credit and older NEETS not claiming any benefits.
- ❖ On average during 2016, approaching six in ten (57.2%) of young people claiming an unemployment benefit in the UK at any point in time had been doing so for more than 3 months.
- ❖ Less than a fifth (18.8%) of those ending a benefit claim in 2016 are known to have taken up employment, education or training within 3 months, although in practice the destination was unknown for almost two thirds (65.3%) of leavers so that the indicator result is largely meaningless.
- ❖ The UK data indicate that, on average during 2016, only one in ten NEETS aged under 25 (10.5%) was in receipt of Jobseekers Allowance. Some limited figures available for the new universal credit scheme suggest that coverage would be closer to 20%, but this still means that the large majority of young NEETs in the UK do not get an unemployment related benefit, with the coincident access to employment services.
- ❖ Follow-up data to look at subsequent outcomes are not available.

¹ These are preliminary conclusions, as the UK had not supplied a reporting fiche for the meeting and in turn was not reviewed by a discussant country. The fiche will be provided at a later date, together with written answers to the questions received. This discussion may then be followed up during EMCO's Country Review in May.

Introduction

The UK responded to the Commission's request for a YG Implementation Plan in March 2014 with an overview of its measures and plans in the area at that time, but this has not been made publicly available².

The UK has not established a Youth Guarantee scheme. Whilst the government supports the approach set out in the Council Recommendation, it believes that the existing provision in the UK – in particular the Youth Contract and additional support for 16-17-year-old NEETs - fulfils the basic requirements.

The Youth Contract was a package of support running from 2012 to 2015 that included extra Jobcentre Plus (PES) advisor support, including a referral to the national careers service, additional apprenticeship and training places, work experience, sector based work academies and additional support for NEETS and disengaged 16-17 year olds to help them get into sustained learning, an apprenticeship or jobs with training. Young people can access this extra support either before they make a claim for out of work benefits or from Day 1 of their claim.

Elements of the Youth Contract continued to be funded after 2015: extra Jobcentre Plus (PES) advisor support, including a referral to the national careers service, work experience, sector based work academies and Mandatory Work Activity, which consists of placements that last four weeks and give claimants work experience which is of community benefit. This was known as the Youth Offer until March 2017.

From April 2017, UK has introduced the Youth Obligation, where additional support is also provided for disadvantaged young people aged 14-17 who are not on benefit but at risk of becoming NEET, and Jobcentre Plus support for schools.

The scheme for claiming unemployment benefits (Job Seekers Allowance) is being phased out and replaced by a new scheme (Universal Credit). The new Universal Credit, not only provides support for the unemployed, but also for people who cannot work or need assistance to move towards the labour market. Claimants under this scheme who are employed may continue to receive benefits under certain circumstances (if taking responsibility for a child and having limited capability for work) provided a maximum threshold of earning is not reached. In addition, assistance with housing and childcare costs may be provided.

1 Quality of data

1.1. Key changes compared to 2015

The UK monitoring data for 2016, unlike for 2014 and 2015, exclude young people in receipt of the employment element of Universal Credit (UC), so that figures only include those receiving Jobseekers Allowance (JSA).

Issues about the coherence of different observations resulting from having data from the two schemes³ are avoided. However, the relevance of the data within the framework of monitoring the youth guarantee are questionable. Firstly, as outlined below, having only JSA data excludes from the analysis other activation measures (e.g. Youth contract). Secondly, and more importantly, the JSA scheme is being replaced by UC.

² <http://ec.europa.eu/social/main.jsp?catId=1161&langId=en&intPageId=3355>

³ No data are available for off-flows from UC, so that the exit data covered only those ending a JSA claim whilst entrants and stocks cover both JSA and UC.

Other changes:

- Change in coverage: UC claimants are not included in 2016 data, which cover only flows on and off JSA.

1.2. Data quality 2016

Although the UK has not implemented a Youth Guarantee in line with the Recommendation, it has provided data that to some extent facilitate monitoring of national efforts in a way that can be compared with YG efforts in other countries. Despite the issues outlined above, most of the data provided are broadly in line with the requirements of the YG indicator framework. However, follow-up data are not currently available. The one key divergence from the methodological specifications is the breakdown by duration of stocks and exits which uses the UK's standard 3-month observation point rather than the 4-month point featured in the Recommendation.

As previously mentioned, the UK monitoring data refer to flows of young people on/off unemployment benefits and the average numbers of young people currently receiving benefits. Exit is coincident with the end of a spell of work-related benefit that is conditional on active job-search so that ending a spell implies the end of active job-search so that exits to unemployment are treated as zero by default. It is possible that some people stop claiming benefits and remain unemployed according to the ILO definition but this cannot be detected in the administrative data.

Data on the destination of exits is based on self-reported reasons for ending the unemployment spell. The data collection form does not cover all the breakdowns required for YG purposes, (i.e. apprenticeships and traineeships are not options provided on the form), and therefore data on exits destinations are incomplete. Moreover, completion of the form is not mandatory so that the proportion of unknown destinations is high (58%), which means that information on destinations has little practical value. Follow-up data to look at the subsequent situation of people 6, 12 and 18 months after ending a benefit spell remain unavailable.

It is important to note that because the data cover only recipients of unemployment related benefits that are only available to people aged 18 or above, support provided to NEETs aged 16-17 is not covered by the data. The data also miss young NEETs aged over 18 who are not receiving an unemployment benefit, including those in the work activity related group of Employment and Support Allowance who are actively seeking work whilst coping with an ongoing health condition. In addition, for 2016, data do not cover claimants of Universal Credit, the new scheme providing social and unemployment benefits. This not only creates issues with the comparability over time, but if continued on longer-term, hinders the possibility to monitor efforts in line with the YG recommendation by the UK.

Details of the data provided and any divergence from the definitions are presented in [Table 1](#).

Table 1: Completion and comparability of direct monitoring data, 2016

Coverage of data	
Providers	– Department of Work and Pensions
Participants	– Young people aged 18-30 moving on and off unemployment benefits (Jobseekers Allowance only, excluding Universal Credit).
Completion of data	
Missing data	<ul style="list-style-type: none"> – Breakdown of entrants by previous YG experience. This information (previous unemployment benefit claims) appears not to be available in the administrative register. – Exits to apprenticeships are either recorded as employment or cannot be monitored (under unknown situations). – Breakdown of exits to subsidised offers only available for education offers. – Follow-up data not provided.
Data recording	
Stocks	– Breakdown by duration > 4 months corresponds to >3 months.
Exits by destination	<ul style="list-style-type: none"> – Exit coincides with end of the unemployment spell, so destination unemployment is always zero. – Information on exits is retrieved from forms filled in by participants when ending unemployment benefit claims. – Traineeships are not recorded as exits, as participants continue to receive unemployment benefits. – Exits to education include exits to full-time education, approved training, and government supported training schemes (subsidised education). – Exits to inactivity (not available for 2014 data) correspond to participants starting claims for other social benefits (e.g. income support, sickness, incapacity), imprisonment, attending court, and death. – Timely exits correspond to exits within 3 months. – Proportion of unknown destinations: 58%
Comparability of data	
Definitions	– Definition of duration in stocks and timely exits differ from the YG indicator framework (see above).
Across time	<ul style="list-style-type: none"> – Data for age-group 25-29 not available for 2014. – Change in coverage of data from 2016.

Source: YG monitoring template (quantitative data).

2 Monitoring results

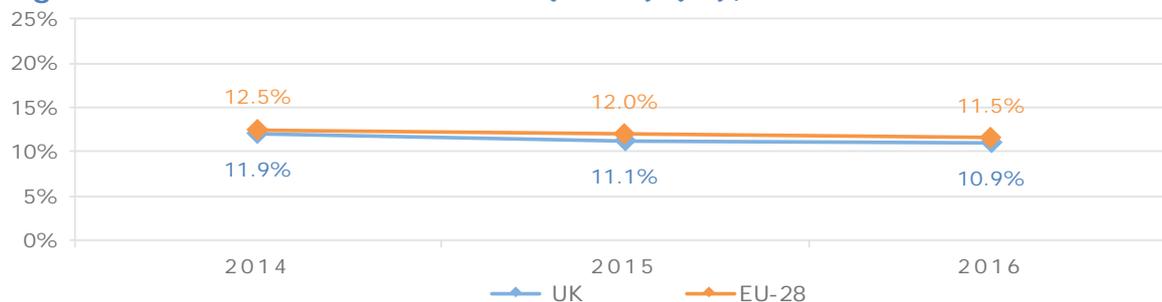
This section presents the results of YG monitoring on the basis of the [Indicator Framework for Monitoring the Youth Guarantee](#). Aggregate monitoring indicators are based on data from the EU Labour Force Survey and are considered comparable between countries. Direct and follow-up monitoring indicators are, however, based on national administrative data and, although they are in principle based on a common methodological framework, differences in definitions, institutional practices and the capacity to collect all of the necessary data, particularly in relation to follow-up, may impact on the comparability of data between countries. Readers are recommended to refer to the [Notes about the data](#) in annex to this report.

2.1 Aggregate monitoring: Macroeconomic indicators

Indicators for aggregate level monitoring of the YG are based on data from the EU Labour Force Survey (LFS) and are intended to monitor the general situation of young people in the EU. The evolution of these indicators through time represents an indirect means of monitoring the effects of implementing the YG and may also reflect the impact of preventive measures to help young people avoid falling into unemployment or inactivity. The aggregate level indicators are complemented by the direct and follow-up level indicators that monitor the efficiency and effectiveness of YG delivery and help to disentangle the impact of policy measures from general economic developments.

The main indicator for YG monitoring at the aggregate level is the NEET rate for young people aged 15-24 – i.e. the proportion of people aged 15-24 that are not in employment, education or training. In 2016, the NEET rate in the UK was 10.9%, a slight improvement compared to 2014 (-1 pp), so that the level of the NEET rate and recent developments are similar to those seen at EU level (see Figure 2).

Figure 2: Main indicator: NEET rate (15-24) (%), 2014-2016



Source: Eurostat, Labour Force Survey, data extracted 19 October 2017.

2.2 Direct-monitoring: effectiveness of YG implementation

The main indicator for direct monitoring shows that, on average in 2016, approaching six in ten (57.2%) of young people claiming unemployment benefit (JSA only) in the UK at any point during the year had been doing so for more than 3 months (see Table 3). Note that results for 2014 and 2015, which were slightly better (lower) also included people in receipt of Universal Credit.

The UK result is higher than the EU average, where just under half (49.1%) of those registered in the YG had been waiting for an offer for more than 4-months. This is to be expected, however, because the UK data refer to a shorter retention period (3-months) so that some of those with duration 3+ months are likely to leave before reaching the 4-month point.

Table 3: Main indicator: Proportion of young people in the YG preparatory phase beyond the 4-month target, 2016

Still in the YG preparatory phase after 4 months:	2016	2014-2016 change (pp)	EU average Total (15-24)
Total (15-24)	57.2%	+6.4	49.1%
Breakdown by age			
15-19	48.6%	+6.1	46.2%
20-24	59.8%	+6.0	49.3%
Breakdown by gender			
Men	58.6%	+7.5	48.0%
Women	54.8%	+4.4	49.9%

Source: DG EMPL, YG monitoring database, data extracted 14 November 2017.

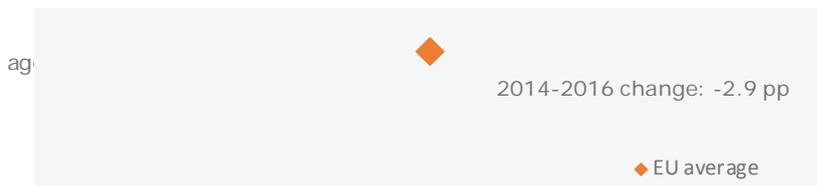
The supplementary indicator on positive and timely exits shows that only under a fifth (18.8%) of those ending a benefit claim in 2016 went to a positive destination within 3 months of registration (see Figure 3). This result is slightly worse than in 2014, and less than half the EU average (44.5%), though in practice the result is of little value because the destination was unknown for almost two thirds of cases (65.3%).

Figure 3: YG implementation, direct monitoring indicators, 2016

Main indicator: Proportion of young people in the YG preparatory phase beyond the 4-month target (durations 4,6 and 12 months) (% YG stock)



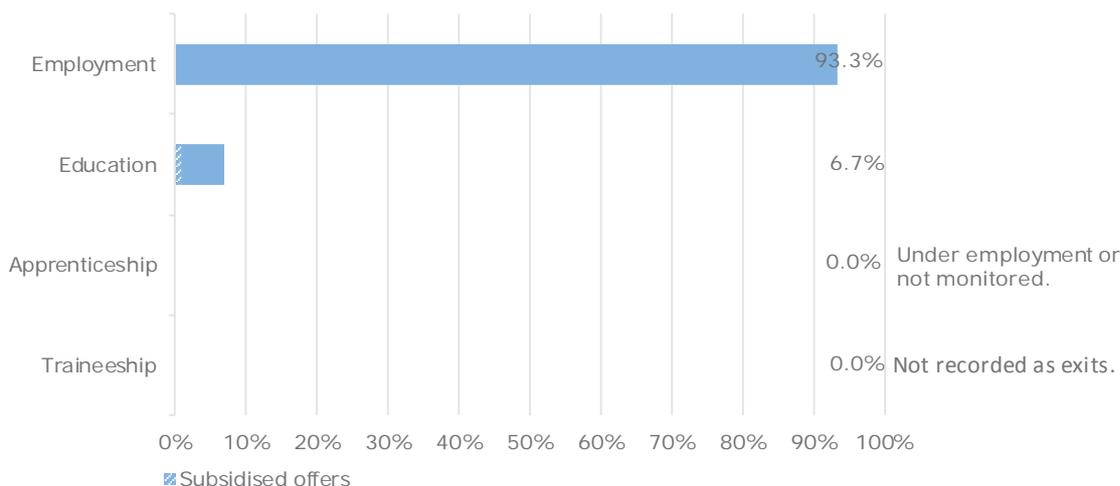
Supplementary indicator: Positive and timely exits from the YG preparatory phase (% exits)



Source: DG EMPL, YG monitoring database, data extracted 14 November 2017.

The vast majority of young people known to have moved into work or training within 3 months of registration went into employment (93.3%) with the remainder going to continued education (6.7%) (see Figure 4). Note that apprenticeships cannot be separately identified (recorded as employment or as unknown) and traineeships are not counted as exits because the participants continue to receive unemployment benefits. Take-up of continued education opportunities was noticeably higher for those aged 15-19 (in practice 18-19) than for those aged 20-24 (16.7% vs 4.1%).

Figure 4: Distribution of positive and timely exits by destination (% timely & positive exits), 2016



Source: DG EMPL, YG monitoring database, data extracted 14 November 2017.

2.3 Direct monitoring: coverage of the YG target population

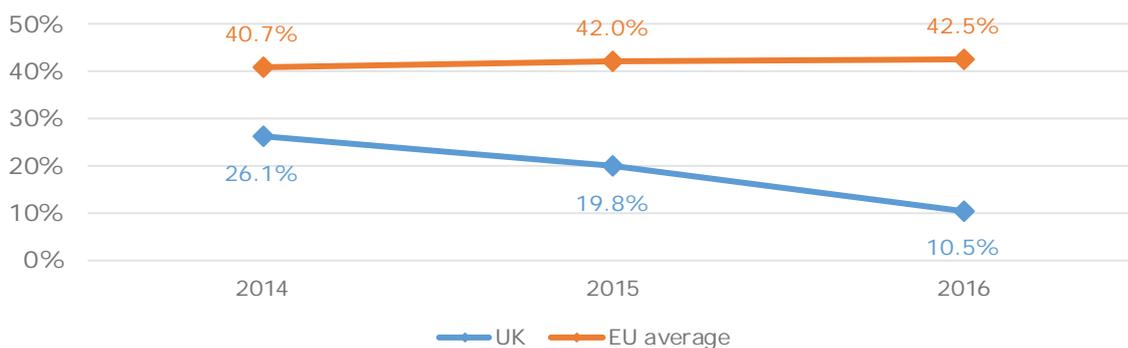
The Council Recommendation on establishing a Youth Guarantee⁴ aims to ensure that all young people under the age of 25 years receive a good-quality offer of employment, continued education, an apprenticeship or a traineeship within four months of becoming unemployed or leaving formal education. Reaching the entire population, and in particular those that do not come forwards on their own initiative, is one of the key challenges confronting YG providers in all countries.

The second supplementary indicator for direct monitoring uses NEET rates and population data published by Eurostat together with the annual average stock of participants in the YG preparatory phase in order to estimate the proportion of the NEET population that is covered by the YG scheme (see Figure 5). Note that the criteria used to delimit the NEET population used in the denominator, which is derived from the EU Labour Force Survey (LFS), may differ from the specific conditions applied in each country to register in the YG, so that the two populations may not fully overlap. In other words, the LFS NEET population is a proxy for, rather than an exact measure of, the YG target population. Consequently, results for this indicator should be considered as the best available estimate of the coverage of YG schemes.

Indicator results show that, on average in 2015, only one in ten (10.5%) of the NEET population in the UK was in receipt of an unemployment benefit (JSA) and therefore able to access the YG equivalent provision that is available in the country. This result represents a noticeable decline compared to 2015 (19.8%), but in fact, if data on UC claimants under the category “searching for work”, the result increases to 18.6%, more or less in line with the result reported in 2015, when data included UC recipients (unemployment element).

In any case, these figures remain a long way below the EU average of 43.0%. It is worth noting that the coverage is also understated because the data do not cover any of the support provided to NEETs aged 16 to 17 who are not yet eligible for an unemployment benefit. This is, however, also the case in many other countries in that the YG monitoring data only cover those registered as unemployed with the public employment services and may miss youth services delivered by other providers. The fact that the UK figure is so far below the EU average thus implies that the UK’s YG-equivalent provision is relatively weak in terms of the extent to which it reaches the target population.

Figure 5: YG participants as a proportion of the NEET population (%), 2016



Source: DG EMPL, YG monitoring database, data extracted 14 November 2017.

2.4 Follow-up: sustainability of YG outcomes

UK has not provided any follow-up data to assess the sustainability of YG outcomes (see explanation in section 1.2).

⁴ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2013:120:0001:0006:EN:PDF>

2.5 Additional results for the 25-29 age-group

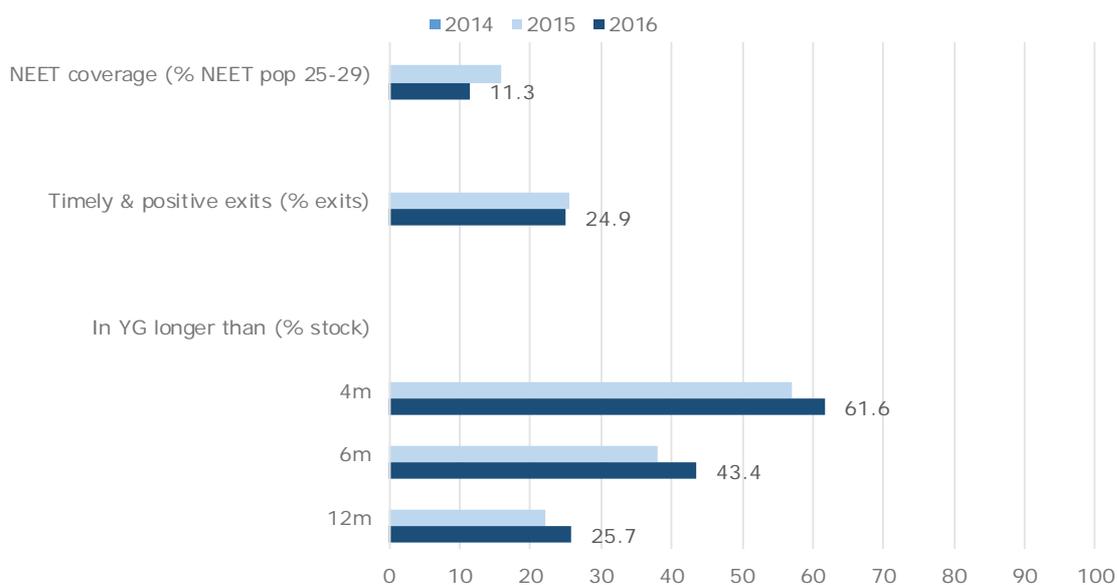
Some activities available under the Youth Contract are also open to young people aged 25-29. Consequently, the UK has provided the optional data for this age-group (since 2015) and results for key indicators are shown in [Figure 7](#) below.

In 2016, the data provided for YG monitoring, which relate to recipients of JSA, indicate that just 11.3% of NEETs aged 25-29 in the UK were in receipt of an unemployment benefit and eligible to access the available YG-equivalent provision. If published data on the numbers of UC claimants aged 25-29 not in employment and searching for work are added in, the coverage of NEETs would increase to 15.7%.

Just over six in ten (61.6%) of those aged 25-29 in receipt of JSA had been doing so for more than 3 months, more than amongst those aged 15-24 (57.2%). At the same time, the proportion of timely and positive exits (within 3 months) is higher (24.9% vs 18.8%), though this might simply be due to a higher rate of completion of the JSA40 form indicating the reason for ending a benefit claim and cannot really be used as an indication of differential delivery of services to the two age groups.

As with the main 15-24 target group, no follow-up data are available to assess the subsequent situation of those ending a benefit spell.

Figure 7: Key indicators for the 25-29 age-group, 2014 – 2016



Source: DG EMPL, YG monitoring database, data extracted 14 November 2017.

Annex

Notes about the data

Comparability. Data are compiled on the basis of a common methodology - the [Indicator Framework for Monitoring the Youth Guarantee](#), endorsed by the Employment Committee (EMCO) in May 2015, and the accompanying methodological manual – and are therefore considered broadly comparable between countries. Nevertheless, it is important to bear in mind that the data for direct and follow-up monitoring are derived from national administrative registers that are designed to support and monitor specific national systems, which vary in terms of the processes followed and definitions applied and may, therefore, result in some inherent differences between countries. These differences are, however, expected to be relatively minor and more important differences are those that derive from the way in which YG schemes have been implemented and the capacity of countries to provide complete data.

In relation to implementation, the size and composition of the population registered in the YG will initially be different for countries that implemented the YG as a completely new approach and monitored inflows starting from zero, compared to countries that implemented the YG as a reinforcement of existing processes and monitored inflows accumulating with the existing stock. Countries in the former group will tend to have a smaller stock with lower average duration. Differences that result from this artefact of the data are guaranteed to reduce through time, evidence of convergence was apparent already in the 2015 data, and continued in the 2016 data.

The capacity of countries to monitor what happens to young people on leaving the YG impacts on the quality of data on both exits and follow-up but particularly for the latter. Almost half of Member States (15) either provide no follow-up data (8) or do not know the subsequent situation of the majority (at least 2/3) of young people passing through the YG (7 countries).⁵ The problem derives from a lack of capacity to routinely link administrative registers or legal restrictions to do so. The investment needed to link PES registers and other administrative registers (e.g. social security) would have benefits not only for YG monitoring but also for other EU level data collections (e.g. LTU and LMP) as well as providing a base for policy evaluation at national level.

Coverage indicator. The second supplementary indicator for direct monitoring measures the proportion of the NEET population (average across the year) that is registered in the YG preparatory phase (annual average stock). Whilst data for the numerator are derived from administrative data in each country, the only available comparable data on the size of the NEET population that can be used as a denominator derive from the EU Labour Force Survey. This uses a definition of NEETs that is common across countries⁶ but which may vary from the definitions applied in the context of national YG schemes and in the administrative data used to monitor these. Results should thus be interpreted as an estimation, rather than a definitive measurement, of the extent to which YG schemes achieve the objective of reaching all young people that become, or are already, NEET.

EU level data. Figures labelled “EU-28” used in aggregate level monitoring are based on aggregates of all NEETs in all Member States and therefore represent weighted averages, which can be significantly influenced by the situation in a small number of large countries. Figures labelled “EU average” are unweighted averages of all available country figures. In relation to the destination of exits and follow-up data, the EU averages are liable to be understated due to significant numbers of unknown destinations or subsequent situations in some countries.

⁵ Based on 2016 data for Follow-up T-1 (i.e. data on the situation of participants who left the YG preparatory phase in 2015).

⁶ See [http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Young_people_neither_in_employment_nor_in_education_and_training_\(NEET\)](http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Young_people_neither_in_employment_nor_in_education_and_training_(NEET))